

# EXHIBIT K



# **FORM 10-K405**

## **DELPHI CORP - DPHIQ**

**Filed: February 09, 2000 (period: December 31, 1999)**

Annual report. The Regulation S-K Item 405 box on the cover page is checked

## PART I

### DELPHI AUTOMOTIVE SYSTEMS CORPORATION

#### ITEM 1. BUSINESS

## PART I

#### ITEM 1. BUSINESS

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EX-10.(N) (corporation (the "Borrower"), the several bank from time to time parties to this Agreement (NATIONAL ASSOCIATION, CITIBANK, N.A., DEUTSCH)

EX-10.(P) (of January 4, 1999 (as amended, supplemented time, the "Credit Agreement"), among DELPHI A Delaware corporation (the "Borrower"), the se)

EX-10.(Q) (AGREEMENT)

EX-12 (Statement regarding computation of ratios)

EX-21 (Subsidiaries of the registrant)

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Unaudited Pro Forma Condensed Consolidated Statement of Operations For The Year Ended December 31, 1998 (in millions, except per share amounts)

Unaudited Pro Forma Condensed Consolidated Balance Sheet As of December 31, 1998 (in millions)

CONSOLIDATED STATEMENTS OF CASH FLOWS

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)

DELPHI AUTOMOTIVE SYSTEMS CORPORATION

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**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549-1004**

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**FORM 10-K**

[X] **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
For the Fiscal Year Ended December 31, 1999**

[ ] **OR  
TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
For the Transition Period From \_\_\_\_\_ to \_\_\_\_\_.**

**Commission File No. 1-14787**

**DELPHI AUTOMOTIVE SYSTEMS CORPORATION**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or Other Jurisdiction of  
Incorporation or Organization)

**5725 Delphi Drive, Troy, Michigan**

(Address of Principal Executive Offices)

**38-3430473**

(IRS Employer  
Identification Number)

**48098**

(Zip Code)

Registrant's telephone number, including area code (248) 813-2000

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, \$0.01 par value per share (including the associated Preferred Share Purchase Rights)	New York Stock Exchange
6 1/8% notes due May 1, 2004	New York Stock Exchange
6 1/2% notes due May 1, 2009	New York Stock Exchange
7 1/8% debentures due May 1, 2029	New York Stock Exchange

The notes and debentures identified above are also listed for trading on the Luxembourg Stock Exchange.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities and Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐.

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

As of January 31, 2000, the aggregate market value of the registrant's Common Stock, \$0.01 par value per share, held by non-affiliates of the registrant was approximately \$9.7 billion. The closing price of the Common Stock on January 31, 2000 as reported on the New York Stock Exchange was \$17.31 per share. As of January 31, 2000, the number of shares outstanding of the registrant's Common Stock was 562 million shares.

#### Documents Incorporated by Reference

Certain portions, as expressly described in this report, of the registrant's Proxy Statement for the 2000 Annual Meeting of the Stockholders, to be filed within 120 days of December 31, 1999, are incorporated by reference into Part III, Items 10-13.

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**PART I**

**DELPHI AUTOMOTIVE SYSTEMS CORPORATION**

**ITEM 1. BUSINESS**

**Overview** Delphi Automotive Systems Corporation ("Delphi") is a world leading supplier of automotive components, integrated systems and modules to the automotive industry, with 1999 net sales of \$29.2 billion. We have both extensive technical expertise in a broad range of product lines and strong systems integration skills, which enable us to provide comprehensive, systems-based solutions to automotive vehicle manufacturers ("VMs"). We operate our business along three major product sectors, which work closely together to coordinate our product development and marketing efforts. Our three product sectors are: Electronics & Mobile Communication, which includes our automotive electronics and audio and communication systems; Safety, Thermal & Electrical Architecture, which includes our interior, thermal and power and signal distribution products; and Dynamics & Propulsion, which includes our energy and engine management, chassis and steering products. See Note 12 to our consolidated financial statements included elsewhere in this report for additional product sector information.

We also sell our products to the worldwide aftermarket for replacement parts and to non-VM customers, including a broad portfolio of high-quality aftermarket products, such as air conditioning systems and thermal parts, security systems, batteries, shock absorbers and lubricants. By leveraging our technical knowledge, product portfolio and distribution network, we are able to offer a diversified line of aftermarket products that cover a wide range of vehicle makes.

Several years ago, we began to transform our company from a North American-based, captive component supplier to General Motors Corporation ("General Motors" or "GM") into a global supplier of components, integrated systems and modules for a wide range of customers. We have established an expansive global presence, with a network of manufacturing sites, technical centers, sales offices and joint ventures located in every major region of the world. We now sell our products to the major VMs around the world. Since 1995, our sales to customers other than GM have grown from 15.9% of our total sales to 24.1% in 1999. For this purpose, our total sales include all sales by entities in which we own a minority interest.

**History** Delphi was incorporated in Delaware in late 1998, as a wholly owned subsidiary of GM. Prior to January 1, 1999, GM conducted the business through various divisions and subsidiaries. Effective January 1, 1999, the assets and liabilities of the Delphi business sector were transferred to Delphi and its subsidiaries in accordance with the terms of a Master Separation Agreement to which Delphi and GM are parties (the "Separation Agreement"). We became an independent company during 1999 through a series of transactions (the "Separation"). The Separation occurred in two stages, the first of which involved an offering to the public of 100 million shares of Delphi's \$0.01 par value common stock in February 1999 (the "IPO"). The second stage involved the distribution of Delphi's remaining shares owned by GM (the "Spin-Off") to holders of record of GM \$1 2/3 par value common stock in May 1999. The dividend resulted in a distribution of approximately 452.6 million shares, or 80.1%, of Delphi's outstanding common stock. The remaining 12.4 million shares owned by GM were contributed on May 28, 1999 to a voluntary employees' beneficiary association trust for GM's U.S. hourly employees.

**Current Developments** In January 2000, Delphi completed the acquisition of substantially all the assets of Lucas Diesel Systems and its related aftermarket activities from TRW Inc. for approximately \$871 million, subject to adjustments for certain post-closing events. This entity, now Delphi Diesel Systems, a Paris-based company with fiscal 1999 sales of approximately \$1.1 billion, is a worldwide producer of diesel fuel-injection systems for light, medium and heavy-duty vehicles. The acquisition is expected to support our key initiatives by:

- Strengthening our technology focus by adding new high-growth diesel product lines, including common rail and electronic unit injection ("EUI")
- Boosting our European sales by more than 20% to more than \$5 billion

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- Enhancing our system and product capabilities and complementing our gasoline engine management systems capabilities
- Increasing our reported non-GM sales by an estimated 16% to approximately \$8 billion on an annualized basis

**Industry**

The automotive parts industry provides components, systems, subsystems and modules to VMs for the manufacture of new vehicles, as well as to the aftermarket for use as replacement parts for current production and older vehicles. We believe that five key trends have been reshaping the automotive parts industry over the past several years:

***Increasing Electronic Content*** The electronic content of vehicles continues to increase, largely driven by increasingly stringent regulatory standards for automotive emissions and safety, as well as consumer demand for increased vehicle performance and functionality at a lower cost. Electronics integration, which generally refers to replacing mechanical components with electronic components and integration of mechanical and electrical functions within the vehicle, allows VMs to achieve substantial reductions in the weight and mechanical complexity of automotive vehicles, resulting in easier assembly, enhanced fuel economy, improved emissions control and better vehicle performance.

***Globalization of Suppliers*** The globalization of VMs, which reflects the broader global market for vehicle sales and the desire of VMs to adapt their products to satisfy regional and cultural variations, has driven the globalization of suppliers as they follow their customers. In order to serve multiple markets in a more cost-effective manner, many VMs are turning to global vehicle platforms such as “world cars,” which typically are designed in one location but produced and sold in many different geographic markets around the world.

***Increased Emphasis on Systems and Modules Sourcing*** In order to simplify the vehicle design and assembly processes and reduce their costs, VMs increasingly look to their suppliers to provide fully engineered systems and pre-assembled combinations of components rather than individual components. By offering sophisticated systems and modules rather than individual components, Tier 1 suppliers have assumed many of the design, engineering, research and development and assembly functions traditionally performed by VMs. In addition, suppliers often manufacture and ship component parts to the general location of a VM’s assembly line and then provide local assembly of systems and modules.

***Ongoing Industry Consolidation*** The worldwide automotive parts industry is consolidating as suppliers seek to achieve operating synergies through business combinations, build stronger customer relationships and follow their customers as they expand globally, acquire complementary technologies and shift production to locations with more flexible local work rules and practices. The need for suppliers to provide VMs with single-point sourcing of integrated systems and modules on a global basis has also fueled industry consolidation.

***Shorter Product Development Cycles*** Suppliers are under pressure from VMs to respond more quickly with new designs and product innovations to support rapidly changing consumer tastes and regulatory requirements. For example, vehicle demand in North America has shifted from cars to light trucks and vans over the last several years, requiring suppliers to modify their operations to focus on parts for these vehicles. In developing countries, broad economic improvements have been and continue to be made, increasing demand for smaller, less expensive vehicles that satisfy basic transportation needs. In addition, increasingly stringent government regulations regarding vehicle safety and environmental standards are driving new product development.

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